

**STATE OF ALABAMA
CITY OF RED BAY
FRANKLIN COUNTY**

**MINUTES OF A REGULAR MEETING OF THE CITY COUNCIL
APRIL 4, 2005**

The City Council of Red Bay met in a regular meeting April 4, 2005 at 7:00 p.m.

Present and presiding was Mayor Tommy G. Nelson. Council Members present were Bobby Nelson, Ann Wilkins, and Jeff Reid. Absent were Pat Hammock and Rayford Seahorn.

Linda B. Holcomb, City Clerk, was present and recording.

Mayor Tommy G. Nelson led the Invocation.

Ann Wilkins led the Allegiance to the Flag.

Others present were Police Chief Pat Creel and Fire Chief Bud Strickland.

Mayor Tommy G. Nelson acknowledged receiving a letter from Peggy Cox concerning her appointment as Founders Day Chairman.

Free Cleanup Week was set for May 23 – May 27.

Jeff Reid made a motion to modify the Goldmont Housing Supply, Inc. Loan #209964 owed to Community Spirit Bank, transferring the loan to be owed to the city directly by Goldmont Housing Supply, Inc. and the principals of Goldmont Housing Supply, Inc., upon the recommendation of Community Spirit Bank so long as the City remains in a partnership with Goldmont Housing Supply, Inc. and principals of Goldmont Housing Supply, Inc. so Community Spirit Bank can seek collection against both in the event the loan is not repaid by Goldmont Housing Supply, Inc. and or principals. This motion allows the Mayor and City Clerk to execute all documents associated with this transaction. Ann Wilkins seconded the motion. Unanimously passed.

Mayor Tommy G. Nelson informed the Council that a \$1,000,000.00 lawsuit had been filed against the City of Red Bay. In keeping with good name and character no name was mentioned.

Jeff Reid made a motion to purchase an advertising sign from Red Bay High School for the City of Red Bay. The sign will be placed at the Red Bay High School ball fields. Cost \$150.00. Ann Wilkins seconded the motion. Unanimously passed.

Mayor Tommy G. Nelson informed the Council that there was not an ordinance in place that agreed to pay part-time help \$7.00, as was mentioned at a previous meeting.

Bobby Nelson made a motion to leave the present dog ordinance as is and to enforce the ordinance. Jeff Reid seconded the motion. Unanimously passed.

Mayor Tommy G. Nelson announced that North Alabama Paving would begin repair on bad sections of the streets inside Red Bay City limits.

Ann Wilkins made a motion for Tracie Bolding to attend a free one-day workshop on workmen's compensation procedure. Jeff Reid seconded the motion. Unanimously passed.

Reviewing the proposed ordinance for "Request to Access of Public Records" was tabled until the city attorney provides copies at the next meeting.

Bobby Nelson made a motion to grant a request made by the Tiger Travel Baseball Team to hold a roadblock on April 9th. Jeff Reid seconded the motion. Unanimously passed. The Team had previously been granted a roadblock date for March 19 but was rained out.

Jeff Reid made a motion to close the Paving Fund Account at Community Spirit Bank, balance .32. Ann Wilkins seconded the motion. Unanimously passed.

Mayor Tommy G. Nelson spoke concerning articles that had been printed in area newspapers about the council meetings. Several of the statements were unfounded; nothing concerning a rate increase at the previous meeting had been mentioned. Wording of Item #7 on the Agenda dated March 21, 2005 was suggested by a lawyer from the Alabama League of Municipalities during a three-way conversation between Council Person Ann Wilkins and City Clerk Linda Holcomb, the Mayor had not been "sneaking around" to place it on the agenda as the newspaper had suggested.

Mayor Tommy G. Nelson commended Lavelle Mills of the Red Bay News, for reporting accurate accounts of the council meetings.

Jeff Reid made a motion to approve and pay the bills. Bobby Nelson seconded the motion. Unanimously passed.

Ann Wilkins made a motion to approve the previous minutes with the exception of omitting the word clerical in the following:

Bobby Nelson made a motion for part-time *clerical* help to continue to be paid at \$7.00 per hour. Rayford Seahorn seconded the motion. Unanimously passed.

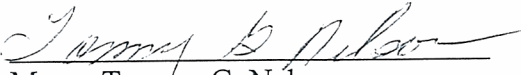
The March 21, 2005 minutes now read:

Bobby Nelson made a motion for part-time help to continue to be paid at \$7.00 per hour. Rayford Seahorn seconded the motion. Unanimously passed.

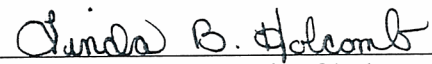
Bobby Nelson seconded the motion to approve the minutes, with the correction. Unanimously passed.

Jeff Reid spoke concerning a night light on "D" field at the Dixie Youth Field.

Bobby Nelson made a motion to adjourn the meeting, seconded by Ann Wilkins.
Unanimously passed.



Mayor Tommy G. Nelson



Linda B. Holcomb, City Clerk

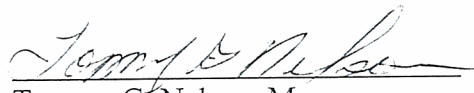
MINUTES OF A WORKSHOP HELD ON MARCH 28, 2005
3:00 P.M.
RED BAY CITY COUNCIL ROOM

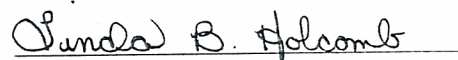
Those present were Mayor Tommy G. Nelson. Council Members Bobby Nelson, Rayford Seahorn, Pat Hammock, Ann Wilkins, and Jeff Reid. Linda Holcomb, City Clerk. Brad Bolton, Vice President/Senior Lending Officer of Community Spirit Bank was also present.

Mayor Tommy G. Nelson spoke and told those present that the purpose of the workshop was for Brad Bolton to discuss the modification of a note payable for Goldmont Housing Supply, Inc., held by Community Spirit Bank, on which the City of Red Bay is obligated. He reminded the Council that no business would be transacted during the workshop. However, the matter would be placed on the Agenda for the Council's consideration at the next regular scheduled meeting on April 4, 2005.

At this time Brad Bolton with Community Spirit Bank spoke and presented a memorandum explaining the details of the note modification. A copy of the memorandum is attached.

The Workshop ended at approximately 3:20 p.m.


Tommy G. Nelson, Mayor


Linda B. Holcomb, City Clerk

DUE TO THE PRIVATE FINANCIAL INFORMATION IN THE ATTACHED MEMORANDUM DATED 3/28/05, CONCERNING A LOCAL BUSINESS, THE DOCUMENT CAN NOT BE VIEWED OR COPIED BY THE PUBLIC.

Sept 6, 2005

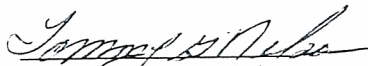
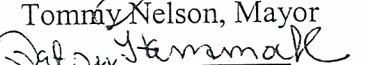
AMENDMENT TO MINUTES
OF APRIL 4, 2005
RED BAY CITY COUNCIL

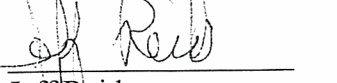
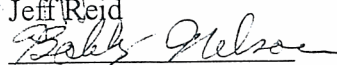
This amendment is being made to clarify the issue regarding the modification of the loan owed to Community Spirit Bank, known as the Goldmont Housing Industrial Project. In the minutes of April 4, 2005, *Jeff Reid made a motion to modify the Goldmont Housing Supply, Inc. Loan #209964 owed to Community Spirit Bank, transferring the loan to be owed to the city directly by Goldmont Housing Supply, Inc. and the principals of Goldmont Housing Supply, Inc., upon the recommendation of Community Spirit Bank so long as the City remains in a partnership with Goldmont Housing Supply, Inc. and principals of Goldmont Housing Supply, Inc. so Community Spirit Bank can seek collection against both in the event the loan is not repaid by Goldmont Housing Supply, Inc. and or principals. This motion allows the Mayor and City Clerk to execute all documents associated with this transaction. Ann Wilkins seconded the motion.*

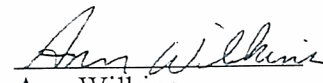
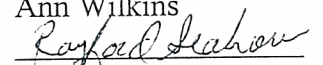
Unanimously passed.

Notice the underlined portion of this motion. The motion should have been made so that "The City of Red Bay" can seek collection against both the company and its principals in the event the loan is not repaid. Therefore, the City Council of Red Bay, hereby amends the minutes of April 4, 2005 to confirm that neither the company nor its principals has any obligation owed to Community Spirit Bank, but rather they have the obligation to the City directly based on documents executed by the company and the principals on May 20, 2005. The City of Red Bay further agrees to allow the principals or any of their companies to pay the payments owed to the City or Red Bay directly to Community Spirit Bank to be applied to the loan account #209964 of the City of Red Bay. We further understand that the bank will collect this debt owed from the City directly and will have no means of collection on the company and or its principals, however the City of Red Bay will have recourse against the company and its principals from the note, mortgage and guaranty signed by all parties to the City on May 20, 2005. It is also understood that the Mayor & Council members were aware in advance of the meeting of April 4, 2005 the facts of this matter which were that Mike Stockton & Brook Davis' requested to be released from the loan and guaranties except for their obligation to the City of Red Bay directly. This request was formally given to the Mayor and Council on March 28, 2005. This amendment should clear any misunderstandings regarding The City of Red Bay's position in this matter.

Adopted and Approved by The City Council of Red Bay, Alabama on Tuesday, September 6, 2005 at its regular scheduled meeting:


Tommy Nelson, Mayor

Patsy Hammock


Jeff Reid

Bobby Nelson


Ann Wilkins

Rayford Seahorn

Memorandum

To: Mayor & Council, City of Red Bay

Cc: Loan & Credit Files

From: Brad M. Bolton, VP/Sr. Lending Officer

Date: March 28, 2005

Re: Goldmont Housing Supply, Inc. & City of Red Bay Loan #209964

As you may know, the City of Red Bay; to promote industrial growth in Red Bay entered into an agreement with Goldmont Housing Supply Company to relocate their office and warehouse facility from Golden, MS to Red Bay, Alabama in early 2000. To recruit this business, the City agreed to obligate itself on a loan for the business. Community Spirit Bank was the lower bidder of interest and was awarded that loan. That loan is loan #209964. The loan was originally made as a construction loan to build the building and now the loan is in permanent financing. That amortized debt began on June 23, 2000 in the amount of \$618,632.50. The loan was to be repaid over 240 payments (20 years) at a payment currently of \$4,309.35. The building had an appraisal on September 27, 1999 of \$850,000.00. The current balance of this loan is \$521,936.54.

The principals of Goldmont Housing Supply, Inc. are Brooks Davis and Mike Stockton. These two individuals have made certain request for the bank to assist them in other ventures. The bank is limited to the amount of debt it can loan to any one entity or individual however and this poses a problem with the loan mentioned above on our books. This memo is to gain approval from the Mayor and council to remove Goldmont Housing Supply, Inc. and its principals from the debt owed to Community Spirit Bank. The debt owed to the bank would be the direct obligation of the City for the bank's purposes. However, the City would have a separate document keeping the company and its principals personally liable to the City for the debt. Further the City would give the bank an assignment of that agreement. By doing this, the City of Red Bay would be protected if the company suspended payment of the building by legally collecting the debt from the company or the principals personally. The bank would have no recourse against the company or principals however, but only the City of Red Bay.

If we are able to achieve this goal, the bank will be able to continue to serve these customers for further growth of economic development in and around the Red Bay area. I would be happy to discuss this issue with you further at your nearest convenience. I understand that the loan is a public matter, but the financial affairs of the private company should remain private. I would request each of your discretion in discussing this situation publicly in regard to the company's financial affairs. I can say with confidence the company and its principals have the financial capacity to continue to support the debt owed to the City and the bank. I have our attorney working on the documentation to perform this change to the loan. Once this is done, I will present the documents to you. If you are so inclined to make this change on the banks recommendation, I will need action by the council and a copy of the minutes of the council making this change. I would suggest that the motion to be as follows:

I, council member make a motion to modify the Goldmont Housing loan #209964 owed to Community Spirit Bank, transferring the loan to be owed to the City directly by the company and the principals of the company upon the recommendation of Community Spirit Bank so long as the City remains in a partnership with the company and principals of the company so we could seek collection against both in the event the loan is not repaid by the company and or principals. The motion should allow the Mayor and City Clerk to execute all documents associated with this transaction.

Again, if you have any questions, I'll be glad to discuss them with you and I appreciate you allowing me the opportunity to speak with you today.